

Current Incentives for Renewable Electricity

Federal Incentives

1. Renewable Energy Production Tax Credit: 1.9 cent/kWh tax credit for electricity generated by wind, solar, closed-loop biomass, and geothermal resources. Cannot be used with the Solar and Geothermal Business Tax Credit and sunsets December 31, 2008.
2. Solar and Geothermal Business Tax Credit: 10% for geothermal and 30% for solar for commercial or industrial facilities using solar or geothermal technologies.
3. Farm Bill Grant, Section 9006: For energy efficiency and renewable energy projects by agricultural producers and small businesses in rural areas – not historically utilized in Utah – only one previous award. applicant cost share may be a deterrent, capped at \$500,000.
4. Residential Solar and Fuel Cell Tax Credit: 30% up to \$2,000 for solar electric. Sunsets December 31, 2007.
5. Modified Accelerated Cost-Recovery System (MACRS): Businesses can recover investments in certain property through depreciation deductions.
6. Clean Renewable Energy Bonds (CREBs) [2007 awards have been made, but congress has not yet passed funding beyond this FY]: financing mechanism for public sector renewable energy projects 0% interest rate, the borrower pays back only the principal of the bond, and the bondholder receives federal tax credits in lieu of the traditional bond interest.

State Incentives - Utah

1. Renewable Energy Systems Tax Credit: State tax credit for residential (25% up to \$2,000) and commercial (10% up to \$50,000 or PTC for wind, biomass and geothermal over 600kW of 0.35 cents/kWh during first 4 years for systems from 2007 forward) renewable energy systems. PTC cannot be used in conjunction with the investment credit.
2. Renewable Energy Sales and Use Tax Exemption: State sales tax exemptions for the purchase or lease of equipment used to generate electricity by a renewable energy production facility with generation capacity of 20kW or greater. Sunsets June 30, 2009.
3. Net Metering Program: requires all electric utilities and cooperatives (municipal utilities are excluded) to allow customers to connect renewable energy systems to the grid for their own use and to supply excess electricity to the electric grid. The utility will "net" the customer's electricity use and production over the monthly billing period, in essence, paying the customer retail price for the electricity they produce. If net metering results in excess customer-generated electricity over the billing period, the utility will credit the customer for the electricity at the avoided cost rate – i.e., the cost the utility would otherwise incur to generate power if it did not purchase electricity from another source. System size capped at 25 kW.
4. Solar Easements: Rights to sunlight access attached to property rights

Other Incentives for Renewable Electricity (from neighboring and other states)

Listed on www.dsireusa.org

1. ***Solar Rebate/Buydown Programs** (examples of participating states: WY- 50% up to \$3,000, CO – many - Rebates for grid-tied PV systems are offered at \$2.00 per watt, up to \$6,000, AZ – many, OR – buydown – Res:\$2.00/W-DC to \$2.25/W-DC- \$10,000 cap, Com: \$1.50/W-DC to \$1/W DC- \$57,000-\$70,000 cap, FL - Res - \$20,000/ Com- \$100,000, very common idea often funded by a Public Benefit Fund: see #12)
**This is something that PacifiCorp is currently testing out, beginning this year, in a small pilot project of 107 kW/year at \$2/watt.*
2. **Tax credit/deduction increases** (examples of participating states: ID – deduction - 40% up to \$5,000/year, \$20,000 total, OR – credit -Very aggressive business energy tax credit –35% up to \$10,000,000 over 5 years, 50% for RE generating facilities, \$9,000 for single family homes – Residential credit caps at \$6,000)
3. **Green Tag Purchase**
Example: The Northwest Solar Cooperative (NWSC) offers to purchase the rights to the environmental attributes or “Green Tags” derived from grid-connected solar PV- or wind-generated electricity at a rate of \$0.05/kWh through December 31, 2009 (examples of participating states: ID, OR, NV- portfolio energy credit trading program)
4. **Low or Zero Interest Loans** (examples of participating states: ID - Res: \$15,000, Com: \$100,000, 4% interest, 5 years, generating projects not eligible, 0% interest for heat pump, OR - Small scale RE loans - Typically \$20,000 - \$20 million)
5. **Grants**
(example of participating states: OR - RE grants: large scale, generating projects preferred, ID - RE grants: large scale, generating projects preferred)
Solar for Schools (examples of participating states: OR, ID)
6. **Bond program** (examples of participating states: ID, NM - Projects financed with the bonds will be paid back to the bonding authority using the savings on energy bills, state government and school district buildings)
7. **Property Tax Exemptions** (examples of participating states: CO, AZ)
8. **PV leasing Program for PV water pumps** (example of participating state: TX)
9. **Building Permit Fee Credit (Exemption)** for Solar (example of participating state: AZ – up to \$1,000)
10. **Mandatory Utility Green Power Option** - All electric utilities are required to offer green power options to their customers (examples of participating states: CO, NM, MT, WA).
11. **Permitting Standards**
12. **Public Benefit Funds/Trusts**
13. **Renewable Energy Zones** –developed to instigate siting and construction of transmission to facilitate electric output from renewable energy technologies (example – TX – Competitive Renewable Energy Zones (CREZs)).